

**Ewan Sutherland**  
Executive Director



In the matter of   International Settlement Policy Reform      IB Docket 02-324  
                                 International Settlement Reform      IB Docket 96-261

26 April 2004

Ms. Marlene H. Dortch  
Secretary  
Office of the Secretary  
Federal Communications Commission  
445 12th Street, S.W.  
Washington, D.C.  
20554  
United States of America

Dear Ms Dortch

***ex parte* comments on international mobile termination rates, International Settlements Policy Reform (IB Docket No. 02-324) and International Settlement Rates (IB Docket No. 96-261)**

In a meeting with Mr Abelson, the Head of the International Bureau, on Friday 23rd April the following views were expressed by Ewan Sutherland, Executive Director, for and on behalf of the International Telecommunications Users Group (INTUG) *ex parte*.

In April 2002 INTUG had written to the FCC on the matter of the high cost of calls to foreign cellphones. In February 2003 INTUG replied to comments on the possible reform of the international settlement policy identifying mobile termination rates as a serious and growing problem for callers from the USA and other countries. In parallel, INTUG had also raised the issue with the ITU, APECTEL and CITEL.

In March 2004 the Commission adopted a First Order and Report (FCC 04-53) setting out its new policy for international settlements. At that time it declined to act on termination rates for foreign mobile networks, instead binding itself to commence an inquiry within six months.

INTUG expressed concern at the apparent lack of urgency given to the issue of international fixed-to-mobile rates. It is an area of regulation that has been drawn out over very many years and on which there are a number of filings to the FCC, to the US Trade Representative and to a wide variety of foreign National Regulatory Authorities (NRAs). Although there have been some determinations on mobile termination rates by foreign regulators, almost all of these are disappointing in the very modest reductions in price levels they require and in the long periods over which prices are expected or are required to decline.

In all cases the market is a single cellular operator with 100 per cent share of the terminating market. The individual operator uses this to leverage market power into call origination markets, including those in the USA, sometimes through an intermediary. Prices fixed in the termination market are simply imposed on callers to that network, there is no competition.

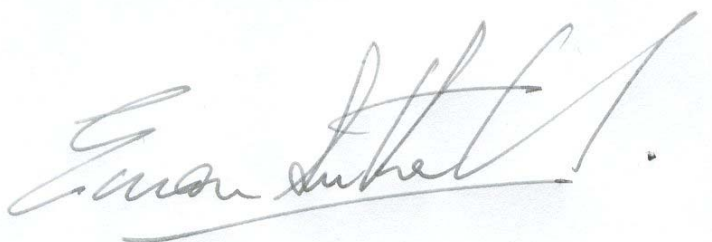
The political pressure on the foreign counterparts of the FCC has been to leave cellular operators to exploit the revenues they can obtain by exercising this market power. At least part of this pressure arises from residual share holdings held by governments, sometimes as much as half the shares of leading cellular operators.

In the case of the European Union, implementation of the new regulations on mobile termination rates is already many months behind schedule and is unlikely to be completed by the end of this year. National governments are showing little determination to meet their already overdue commitments to regulate these markets.

We urge the FCC to act promptly in this matter, to initiate the inquiry into mobile termination rates and to work quickly to conclude that process. Given the volume of material on this subject and the quality of existing analyses we can see no reason whatsoever for delay.

Pursuant to Section 1.1206(b) of the Commission's Rules, 47 C.F.R. § 1.1206(b), copies of this letter have been filed with the Office of the Secretary.

Yours sincerely

A handwritten signature in dark ink, appearing to read "Ewan Dubel", is written over a light blue horizontal line. The signature is fluid and cursive, with a long horizontal stroke at the end.